



INSTITUTE OF DISTANCE AND OPEN LEARNING
Gauhati University

H O M E A S S I G N M E N T

M. A./M.Sc. in Economics

(2nd Semester)

Session: 2013-2014

Guidelines for Submission:

1. Write your name, session, roll number, the topic selected and the title of the answer *clearly on the top*.
2. Each of the two topics given in each paper will be answered as **two essays** of not more than 800 words each. There will be negative marking for writing in excess of the word-limit.
3. Each answer (essay) carries a weightage of **20 marks**.
4. Keep a margin of about 1 inch on each side of the page.
5. You can submit the essay written in your own hand-writing on clean, foolscap sheets, or A-4 sized paper.
6. In case you prefer to submit type-written answers, make sure that there are no typing errors which will deduct from the overall impression.
7. Do not submit commercially purchased answers as such a practice is deemed to be unfair.
8. Please submit your assignment by **30th April, 2014**.

Paper V: Advanced Microeconomics

1. Define Pareto optimality. Explain the necessary conditions required to obtain Pareto optimality. 2+8=10
2. Explain with the help of suitable diagrams how intertemporal consumption decisions are taken. What is the effect of change in the interest rate in intertemporal decision making? 6+4=10

Paper VI: Macroeconomic Theory-II

1. Explain Baumal's Inventory Approach to Demand for Money. How is it superior to Classical and Keynesian Approach? 7+3=10
2. What is Phillips curve? Explain the Natural Rate of Unemployment hypothesis. 4+6=10

Paper VII: Mathematical Methods for Economic Analysis-II

1. Given the utility function $u=2+x+2y+xy$ and the budget constraint $4x+6y=94$, find out the equilibrium purchase of x and y that will maximize the consumer's total utility. 10
2. Define game theory. Write down the main assumptions, characteristics and limitations of game theory. 2+8=10

Paper VIII: Elementary Econometrics

1. What do you mean by coefficient of determination? Show how coefficient of determination is derived from a simple linear regression model. 2+8=10
2. What is Multicollinearity? How can it be detected? What are the different remedial measures that we have to adopt if multicollinearity exists in a particular model? 2+4+4=10